

<b>Food and Drink Wales Industry Board</b>	
<b>Date of Meeting:</b>	Wednesday 16 <sup>th</sup> October 2019
<b>Time of Meeting:</b>	8:00am – 4.15pm
<b>Meeting Venue:</b>	The Vale Resort Hensol, VOG
<b>Chair</b>	David Lloyd

**ATTENDEES:** 16<sup>th</sup> October 2019

<p><b>Welsh Government:</b>            Andrew Martin (AM)            Dave Morris (DM)            Mark Williams (MW)            Alison Ebsworth (AME)            Cara James (CJ)</p>	<p><b>FDWIB:</b>            David Lloyd (DL)            Huw Thomas (HT)            James Wilson (JW)            Justine Fosh (JF)            Norma Barry (NB)</p>
<p><b>Presenters/Guest Speakers:</b></p> <p><b>Welsh Government</b></p> <p>David Lloyd-Thomas (DLT)            Enfys Jones (EJ)            Lyndsey Margetson (LM)            Andrew Thomas (AT)            Mark Hughes (MH)</p> <p>Others</p> <p>Ifor Ffows-Williams (IFW)            Bethan Sian Jones (BSJ) - MAB            Neil Burchell (NB) - MAB            Elen Williams (EW) - MAB            Linda Grant (LG) Bic Innovation            Sarah Wise (SW) - Defra            Kayla Moyes (KM) Levercliff/WW            Sarah Nicholas (SN) Levercliff WW</p>	
<p><b>Apologies:</b>            Keith Smyton (KS) Welsh Government            Alison Lea Wilson (ALW)            Andy Richardson (AR)            Katie Palmer (KP)            Annitta Engel (AE)</p>	

<b>SESSION 1</b>	
<b>No.</b>	<b>AGENDA ITEMS</b>
<b>1.</b>	<p><b>Welcome and Introductions</b></p> <p style="text-align: right;"><b>David Lloyd</b></p> <p>In the absence of the Chair, Andy Richardson, David Lloyd welcomed all to the meeting and brief introductions were given by all present.</p>
<b>2.</b>	<p><b>Outstanding Minutes of April and July 2019 Meetings</b></p> <p style="text-align: center;">*** Refer to Action Log and previous meeting minutes ***</p> <p><b>16<sup>th</sup> July 2019 Minutes</b>  <b>Proposed:</b> Huw Thomas  <b>Seconder:</b> Justine Fosh</p>
<b>3.</b>	<p><b>Skills Strategy</b></p> <ul style="list-style-type: none"> <li>❖ Skills Strategy update – including apprenticeships</li> <li>❖ Tender Update</li> </ul> <p style="text-align: right;"><b>Justine Fosh</b></p> <p><b>Skills Strategy Update – Justine Fosh</b></p> <p>No paper available for the meeting a quick verbal update on the key areas and actions undertaken to date.</p> <ol style="list-style-type: none"> <li>1. Progress on funding for businesses to assist with their training which is being run by Lantra through Food Skills Cymru. July board meeting 27 diagnostics were done. 24 funding applications which has now increased to 59 diagnostics, broken down to 24 for micros, 23 for SME and 12 for large businesses.</li> <li>2. £72k funding has been approved for training and 642 people approved for training to date.</li> <li>3. Broader information on the specifics of training delivered to be made available and this to be circulated to FDWIB.</li> <li>4. Following on from the Cluster meeting 15<sup>th</sup> October a Brewing master class has been set up.</li> <li>5. Careers activity - there has been no progress as no funding is in place to undertake any of the careers activity.</li> <li>6. Schools challenge possible through Welsh Baccalaureate.</li> <li>7. October 2019 Skills Cymru event for schools in Cardiff and Llandudno. 2018 15 companies attended. Due to lack of funding in 2019 there will be no food sector presence only 2 food companies attending in their own right.</li> <li>8. Tasty Ambassador Training in November 2019 cancelled due to no funding.</li> <li>9. Highfield HR is a private company offering training to small companies and have asked if their contact details can be passed through to the Clusters.</li> <li>10. In October 2019 there was a consultation exercise on the Apprenticeship Scheme with 4 key priorities in Wales.</li> </ol>

- 11. There are currently 200 Apprenticeship frameworks in Wales with lots of pathways. Food and Drink is one framework and there are about 15 different pathways available. These are going to be consolidated and re-arranged into 23 sectors and 2 pathways in Wales, as Food and Drink is an occupation relevance in Wales but not in England where it has been merged with other sectors.
- 12. Changes to how Apprenticeships are designed and also how they are commissioned going forward.
- 13. A new Communications Hub to be established in Wales which will be a 1-stop area for assisting anyone who wants to know about apprenticeships, who delivers them, what's available, career prospects. This will be run by Welsh Government (Skills, Higher Education and Lifelong Learning Department) and further details are to follow.
- 14. Consultation exercise currently being undertaken on a number of pathways and their levels, namely (1) Brewing (2) Food Skills (3) Food Manufacturing Excellence (4) Food Engineering.

**Tender Update (Welsh Government)**

**Dave Morris**

The Skills Delivery which was undertaken by the National Skills Academy. Welsh Government procurement rules prevented renewal through a grant award because of the value of the contract. A new skills delivery contract will have to be procured and probably through OJEU. This change in policy has impacted NSA who continued to deliver the skills strategy after their contract ended in March. NSA ensured that skills delivery including the Skills Zone at RWAS was delivered to a high standard but NSA has not yet been paid for this work. There will be a delay before the new contract is tendered as an evaluation of the service is required and is underway. Draft findings will be produced in November 2019 and hopefully a new tender will be issued early in 2020. In the meantime Education and Skills Department are considering ongoing in-house delivery of some of the strategy to ensure continuity of delivery until the new contract is in place. Both Jenny Gerrard and Nick Shilton (Welsh Government) are leading on this project with essential services being maintained in the coming months.

**4. BIG Diagnostics Results**

**Cywain (Elen Williams)**

A business tool was developed by Menter a Business working with the Muddy Boots tool to help businesses appraise their performance. All data is confidential. Once businesses have completed the diagnostic a score card is generated which helps to focus on that individual business' weaknesses. Cywain then produces an action plan and offers support. There are 6 sections to the diagnostic from business and strategy right through to competitor analyses, people, HR and financial. The report is quite comprehensive from a business perspective and covers the whole mechanics of the business. Companies get a copy of the summary as well

as the score card with a percentage recorded against each of the sections. A higher percentage indicates a company doing well in that section of the business and a low percentage is the opposite and that signals the company requires more attention in specific areas of the business such as weaknesses in comparison to their competitors.

Time to complete the diagnostic is usually around 1½ hours and is completed by a Cywain team member and a management level company representative.

The score card has 71 questions and the results are weighted.

Since the development and introduction of the tool in 2017 over 280 diagnostics have been completed. Of these businesses 51% are VAT registered. The majority of businesses assessed are in West Wales (Pembrokeshire, Carmarthenshire, and Ceredigion) Gwynedd and Conwy in the north. 77% have their own processing facilities. 82 have documented policies in place.

Aggregated data from the diagnostics is being compiled into a report to WG on key Brexit issues. The top 5 – (1) rising costs, (2) sourcing of raw ingredients, (3) issues with tariffs and export issues, (4) growth opportunities, (5) packaging costs such as glass and pallets.

Feedback from staff concerns of preparedness and coping strategies in relation to Brexit.

MAB are looking at new marketing strategy to reach companies based in North and South Wales to engage them in the BIG Diagnostic.

Marketing analysis:-

Markets remain very local – regional and Welsh 66%, national 19%, EU 8% and Global 7%. Measurement of the marketing, purchasing and consumer research and insights needs improving from the diagnostic data. 50% of businesses have reported links with tourism, and this was expected to be higher in the West where tourism is significantly important.

Marketing spend is low with companies spending £3,000 or below in marketing a year. This is an area that requires significant improvement and is not a quick fix, but MAB are putting interventions in place including an Innovation strand with Cywain and a focus on specific market development in tourism, export, and test trading in new areas in the UK and beyond. New funding for 2020 will see £100,000 being launched to help companies find access to new markets.

Data analysis through the clusters is going to be undertaken in relation to markets research.

Training and HR

Only 32% of businesses employ staff, the other 68% are one man businesses. There is not much difference between part time and full time staff. 47% outsource services or use consultants.

Businesses with staff have identified that they need to provide training for their staff and also have further training needs within the business on core issues. An additional finance course is being provided through the Cywain project on basic and advanced financing. Referrals to Lantra – Food Skills Cymru.

Tuck-in classes 2020 – 2 will be held as well as Cluster group sessions.

	<p>Board members expressed their concerns that the BIG Diagnostic is only being used by pre-starts ups, micro businesses and 'one man bands' rather than SME's and larger companies. The Board also criticised the focus on West Wales. Cywain responded that is difficult to engage SMEs and larger businesses as they often have in-house diagnostics and systems.</p> <p>Training support is being made available to all size businesses in relation to financial management and extra funding is being made available to help businesses with identified training needs.</p> <p>MAB are trying to identify those companies that or who are able to grow quickly through this process.</p> <p><b>NEW ACTION 5: EW (MAB) to extend BIG Diagnostic to SMEs and large businesses and to North/Mid/South and eastern side of Wales and to provide an update to the FDWIB in early 2020.</b></p> <p>Finance</p> <p>Serious concerns of financial weakness from start up to larger businesses – Investor Ready Programme is badly needed.</p> <p>Data has been a useful exercise and been able to re visit issues and put in place assistance in key areas. More feedback required from businesses in 12 months' time to assess change, progress and developments.</p> <p>In future all businesses will have to attend either workshops or surgery within 6 months of registering. MAB to provide more cross cutting themes across business disciplines.</p> <p>In 2020 MAB will be launching some funding for training in relation to standard bookkeeping and software training. Businesses reaching the £1m plus turnover threshold will be prioritised to provide financial training.</p>
<p><b>5.</b></p>	<p><b>Brexit Communications</b></p> <p style="text-align: right;"><b>Dave Morris</b></p> <p>AR reported that DEFRA are very keen to engage with the devolved administration going forward in terms of all of the work that the Food Sector Council are engaged in. The Council is engaged in a number of project streams including productivity of the sector in the UK and also projects on skills. AR is well embedded in the Council and the Council is welcoming of issues being fed through from the DAs.</p> <p>Welsh Government decided to streamline all Brexit communications with clearer signposting for businesses to UK Gov online information instead of replicating this information on WG web pages. WG is also using every means at their disposal to disseminate Brexit relevant information including through their Clusters, Delivery Partners, Newsletter, and any engagement with businesses. Industry intelligence indicates businesses are preparing more than they were previously.</p> <p style="text-align: right;"><b>Justine Fosh</b></p> <p>There are a number Food Council workstreams on Skills, with the 4 objectives being (1) Apprenticeships (2) Infrastructure, (3) Training provision</p>

	<p>(4) Upskilling the existing workforce. There is a cross cutting piece on data, market intelligence and information and identifying the gaps. There were either 2 or 3 proposals submitted and we have not been informed which one was successful. One of the projects was for companies which had underspent on levy in England while small businesses still have to pay a 5% fee for their training. One of the options is that the unspent levy is used as a fund for smaller businesses. A second option is to create a network of colleges offering food engineering and have a commitment to the food industry and support these courses/colleges. Currently this is for England only, and there would be a requirement for 15 colleges to participate. Third proposal was around businesses pledging to support the industry.</p> <p><b>ACTION 6 – AR to send an email around to update everyone on the Food Council projects and proposals. (MW)</b></p>
<p>6.</p>	<p><b>Brexit Preparedness</b></p> <p style="text-align: right;"><b>Defra Sarah Nicholas</b></p> <p>Current overview on Defra and its communications with the food industry and how Defra is helping to prepare businesses for Brexit.</p> <p>Current uncertainty on the Brexit situation, but government has made it clear that we intend to leave the EU on 31<sup>st</sup> October 2019 with or without a deal, and as a government it is our responsibility to prepare businesses to be ready. There has been a lot of communications via Billboards and advertising all around the UK on getting ready for Brexit. The idea is that businesses are being signposted to information that they will need should there be a no-deal given this scenario would result in the most significant changes.</p> <p>Part of the role of the business readiness team in Defra is to go out and talk with the Industry, business and trade. Over the past months and especially in the last few weeks Defra has been receiving much more detailed and technical questions, which suggests that businesses are starting to engage with readiness. Businesses are talking more with their trade associations. Concern that there is a lack of readiness in industry partly because they are not requesting extra working capital. This is particularly true for SME's but with an increased level of awareness things could change.</p> <p>EU businesses also need to prepare to export into the UK and Defra is currently doing some work on this.</p> <p>Defra key messages to businesses are to be ready there are going to be changes and industry needs to understand how this can affect their business. Defra cannot advise on commercial decisions but can point to all the information for the changes that are out there.</p> <p>Some of the changes in a no deal situation are (1) who we trade with and how we trade – ongoing discussion with counties who have trade agreements with the EU. Looking at rolling over these continuity trade agreements – 65 countries have signed these, ongoing negotiations with the rest by 31<sup>st</sup> October 2019.</p>

Tariff rates were re-confirmed on the 8<sup>th</sup> October 2019, tariffs for agri-food remained unchanged. Updates around HGV and bio-fuels, but the core ones affecting the sector remain the same as published in March 2019. Temporary tariff schedule for 12 months with some movement for change and in the longer term there will be a consultation before tariffs are reset.

Imports will remain the same but transferring to the new systems developed by Defra and some processes will change in that respect.

Exporting of meat and dairy products will be subjected to new requirements if you have not exported to a 3<sup>rd</sup> country before. Animal/animal products and germplasm consignments will have to be signed off by vets and will have to enter the EU through specific Boarder Inspection Posts. Each post accepts different types of products. Details and contact information available on the EU website.

Food Labelling the UK government is advising a 21 months transition period from day 1 for businesses to make changes to their labels on goods sold in the EU Market. However the EU is proposing to enforce from day 1 – country of origin labelling, health marks. UK businesses will need to have an EU address on their labels of the distributor or importer.

Organics – Certifiers need to be listed with the EU as equivalent in order to be able to export organic goods to the EU. This has not happened and talks are on-going. Worst case scenario up to 9 months block on trade in organic products from the UK. Defra are taking pragmatic approach to these changes.

All GI's are by default recognised in the EU and will continue to be recognised in the UK after the UK leaves. However UK GIs will be automatically rolled over onto a new UK register. No action for businesses but there is a new logo and this needs to be in place after exit date.

Marketing standards for specific foods face a number of changes, different requirements and compliances will be needed for different product categories and there is a lot of guidance on the gov.uk website.

Businesses are being told to prepare for a no deal Brexit as a worst case scenario by the 31<sup>st</sup> October 2019

[brexitreadinessagrifoodchain@defra.gov.uk](mailto:brexitreadinessagrifoodchain@defra.gov.uk) if any questions

A number of Government wide road shows have been held across the country with a few events in Wales with all key sectors attending and presenting. Also running surgery style sessions with key departments. Defra has also been doing some key targeting for the agri food sector and fisheries across England and trying to work where possible with the Welsh Government and other devolved nations on partnering with them. There are e-alerts businesses can sign up for.

In the event of Brexit with a deal and during the following transition period all food labelling regulations, including Country of Origin requirements, will remain exactly the same. Similarly, during the transition period the UKG will

be required to adhere to all EU labelling requirements. This will also apply to UK exports to third countries as no FTA can be fully implemented until the transition period with the EU is over.

In the event of a no-deal Brexit, the UK would be a third country in relation to the EU, and Country of Origin rules would need to be amended accordingly. ~~Country of Origin rules means that we can continue to trade in advance of Brexit as they had basically been saying that we had to leave to then re-list.~~

Defra has a specific food and drinks sector on their website to assist businesses which holds a lot of information as well as printable leaflets. The team within Defra is happy to take questions and be the point of contact for FDWIB

JW – have DEFRA undertaken a cumulative costing summary about how much these changes will cost? There are increasing burdens for companies who want to export their products into the EU for all sectors outside of the single market. This currently does not work for the Sea Food Industry which is in a vulnerable situation. The Government needs to provide this information.

How do we assist and get the messages out to the SME's in Wales and assist SN (**Defra**) – DL in terms of tariffs is happy to use database of 900 food companies (Producer Directory) to get the information out to businesses and to ask them to look at the tariff and the Defra website including additional costs/other changes for imports and exports.

NB – it is up to the Board to work with Defra and to get this information out to SME's.

**Action 7: Defra to keep the December 4<sup>th</sup> 2019 date free to come back and report back to the FDWIB Meeting.**

Defra has created a series of podcasts to help industry prepare for Brexit. You can find the series here <https://soundcloud.com/user-746073953>

Topics currently include:

- Exporting
- Tariffs and the agri-food sector
- Trade agreements and the agri-food sector
- Food labelling
- Chemicals

You can also find the series by searching “Defra Podcasts” on SoundCloud.

To get ready for Brexit, also visit: [www.gov.uk/Brexit](http://www.gov.uk/Brexit)

- 7. Food & Drinks Council**
- **Update on the Food & Drinks Council**

	<p style="text-align: right;"><b>Andy Richardson</b></p> <p><b>See section 6 and action 6 above.</b></p>
<p><b>8.</b></p>	<p><b>AP2 Update</b></p> <ul style="list-style-type: none"> <li>• <b>DLT – PAPER</b></li> </ul> <p style="text-align: right;"><b>David Lloyd Thomas</b></p> <p>The Welsh Government and the Food and Drink Wales Industry Board jointly issued the new Action Plan 2 consultation paper on <b>Our ambition to further develop Wales’ food and drink sector.</b> The consultation ran for a period of 12 weeks and closed yesterday 15 October 2019, with 77 completed replies received, with another 4 to come in and 91 part completed on the system.</p> <p>There has been a lot of activity on this consultation, and DLT felt that people tend not to send a reply if they are happy with the document. Brexit has not been a factor in the response rate. A lot of replies received from a wide selection of businesses and representative bodies – FDF, BRC – Farming Unions, FIW, Menter a Busness. 4 evening engagement events were held throughout different areas of Wales in relation to Action Plan 2 and were all well attended. Feedback from these events was that some businesses wanted a more specific final document with specific actions as in AP1, but all felt that AP2 was heading in the right direction. No major concerns on the social / ethical workforce issues – most said it was their current good practice and this is how they already operate.</p> <p>Next stage in relation to Action Plan 2 - Brookdale Consulting has been contracted to analyse the data and will start work on Monday 21<sup>st</sup> October 2019. A report will then be published by the end of November 2019 in time for the FDWIB December meeting. It will then be down to the Board and Minister to decide whether this report should be published. DLT strongly recommended that this report is then published.</p> <p><b>ACTION 8:</b> Board to discuss the future of AP2 – possibility of a vision and mission statement on the objectives being published prior to Christmas and then a further in depth report in the New Year. This would demonstrate partnership of the industry and government working together and the new board being established.</p> <p>In the consultation section there are 5 main targets and key performance indicators, further information and improvements on this section will be sent through to FDWIB members from DLT.</p> <p>End date for AP2 is currently scheduled for 2026, does an end date need to be agreed or could this remain open ended until significant change is actually needed. AP2 can set its vision and mission for each year and feedback on yearly progress and set targets. It will be important that communication is paramount with businesses throughout this process and actions and targets regularly reviewed to keep pace with changes.</p>

9.

## SBV Update

- **Jess Bearman (Paper)**

**David Morris**

The driver for SBV is Wellbeing of Future Generation Act Wales which basically champions sustainability in everything that the Welsh Government does. WFGA was a unique piece of legislation at the time (2015) for the Government, and it is intrinsically about the long term ambitions for Wales, including a healthier Wales and a more prosperous Wales. SBV for the food and drink industry is taking those wellbeing and future generation goals and translating them into meaningful actions for the food and drink industry.

The 6 pillars represent sustainable brand values derived from the Wellbeing of Future Generation goals (1) preserving our environment and promoting resource efficiency (2) acknowledging and rewarding ethical working practices (3) creating nutritious wholesome products and healthy environments (4) celebrating Welsh culture, traditions and provenance (5) protecting animal welfare, biodiversity and endangered species (6) ensuring safe and hygienic food production.

From the outset it was agreed that there would be no new introduction of a certification scheme; the food and drinks industry already has a large number of certifications and regulated requirements and the intention is to build on the already existing schemes.

All accreditation schemes have been reviewed and aligned to the pillars.

There are notably fewer schemes to “celebrate Welsh culture, traditions and provenance”. Some schemes are accredited and have been fully audited and some are just pledges and are weak in comparison to an audited scheme. Pledges will be accepted at this time until a certified scheme is approved.

A large amount of research has been undertaken on sustainable brand values within and outside of government and looking at what is deliverable - we are trying to deliver a benefit for food and drink producers so that products can attract a premium in the marketplace irrespective of target market because our production is SBV standard. Businesses should also be delivering real benefits under the sustainability pillars.

There is a need to do research to determine whether target markets would see value in SBV. The value of Welshness carried out over 2 years ago was more about provenance; currently in the process of doing some trade buyer research and working with trade buyers who came to Taste Wales and other events to see if any of this resonates with them.

The scheme is to be all inclusive and place minimal pressures on businesses. Scenario testing has been done with assistance from Zero2Five colleagues to look at how difficult would it be for manufacturers to achieve sustainable brand value status.

There is an SBV programme board which some FDWIB members attend and includes food chain representation and other representative bodies.

	<p>Currently working with Smorgasbord on the branding of SBV and what it will look like. How do we sell SBV to the world, need to have a compelling brand, to encourage consumers to buy into SBV products.</p> <p>SBV Programme board meeting held recently and agreed that general support for using existing schemes to reduce the burden to businesses. The challenges will be on provenance and its definition – should Welsh SBV insist on Welsh ingredients. Also challenges over ‘place vs product’ and product vs producer and target markets i.e. trade buyer vs consumer. A working group will be set up to address these issues. More detail will be developed on how to implement scheme and its governance. Governance and inspections/audits/checks will be required for brand integrity. Added Value is key to SBV. Both consumers and Businesses need to understand and want the premium the brand delivers.</p>
10.	<p><b>Future Board</b></p> <ul style="list-style-type: none"> <li>• <b>Review of Terms of Reference for next FDWIB</b></li> <li>• <b>Re- Appointment process update</b></li> </ul> <p style="text-align: right;"><b>David Lloyd</b></p> <p><b>Review of Terms of Reference for next FDWIB</b> Both documents had been circulated - the track changes version and final version prior to the meeting.</p> <p><b>Action 9:</b> NB and MW to work on this and to come back with updates and finalised version of the Terms of Reference for the Food Drink Wales Industry Board. Key points for the Terms of Reference include to represent the Industry and to advise Ministers. Copies to be circulated to all Board members within 2 weeks of this meeting. Policy team to check and read through new Terms of Reference.</p> <p><b>Action 10:</b> MW to submit the MA and inform the Minister that this is a draft and that a review of the terms of reference is being undertaken and currently being amended by the board. 18<sup>th</sup> October 2019</p> <p><b>Composition of the Board going forward</b> Think about what the new board represents eg skills, food manufacturing, other.</p> <p>The current Board was designed to take into consideration the original action plan and to work towards becoming independent of Government. To what extent should the Board advise and deliver for the food and drink industry in Wales. Could cluster members be able to work more closely with and advise the Board?</p> <p>The structure of the board could align to AP2 priorities and key objectives.</p>
11.	<p><b>Cluster Update</b></p> <ul style="list-style-type: none"> <li>• <b>Evaluation Report (Written update)</b></li> <li>• <b>Update and future cluster development</b></li> </ul>

**Andrew Thomas**  
**Iffor F Williams**

Iffor Ffowcs-Williams updated the board on clusters elsewhere in the world – and Andrew Thomas updated the board on Welsh Clusters.

Around Europe today there are some 2,000 clusters, it's not about inventing clusters it's understanding the region and particular competencies which has created wealth. These 2,000 clusters account for 1/3 of jobs and over 50% of the wage growth, it is in the clusters that we find the high value jobs. It is also in the clusters that we find the higher growth businesses, the trading clusters are pulling wealth into a region with co-location where similar businesses naturally cluster to service a market.

Many food clusters develop a regional focus such as Food Valley a region in the Netherlands comprising international food companies, research institutes, and Wageningen University and Research Centre and within 50 kilometres of that university today there are 15,000 scientists, who are understanding the imperfections in our system and finding a way to work as a team. This naturally occurring cluster has a board, comprising of Vice Chancellor of the university and CEO's of national companies. It's a board that is recognised around the world but it is triple helix - business with academia and relevant public agencies. Typical funding across Europe for clusters ranges from £0.5m to £2-3 million per cluster p.a. coming from public agencies and often matched by business or sometimes matched by EU, national, and city administrations through a range of different types of public support. Some funding provides a cluster secretariat. In Canada a recent entrant to clustering they have a budget 300m Canadian dollars over 5 years include 50% match funding from businesses.

Wales as New Zealand has a regional focus. The Canadians are funding specialist incubators including for added value and for proteins, also drawing in specialist knowledge. In Europe specialist needs have to be worked through public agencies – a different approach.

Performance indicators are not easily derived from clusters. Indicators are softer, clusters can gather data such as turnover baselines and compare further down the line. Typically cannot disaggregate success from clustering from other causative factors. When reviewing look at evidence of change such as companies changing from trying to do everything on their own to competitors starting to work together buying raw ingredients and using logistics creating a culture of competition and trust. In Wales we are building the trust.

A key role of a cluster manager is a collector of information, he/she is often an identifier of collaborative projects with a bottom-up approach – the Cywain BIG tool is useful in developing an information database of the key companies and their pressure points etc and will be able to respond with demand led projects such as training, export, development etc.

Cluster businesses will know 'who is who' and 'who has got what' and where there are common issues and in particular common opportunities or wicked opportunities meaning opportunities that we cannot solve. Key role of a cluster manager is to bring together key players, as well as being the broker, connector. A cluster manager needs to know the key people, accepted by all, gets inside those businesses and is accepted. A key role for a manager is that it is voluntary and open to anyone, but must work through who are the companies who are going to make a difference and look at the companies that are going to create the export trade and high value jobs.

In Wales we are late starters in cluster development, but are fast starters and are moving at speed, we are not one cluster but are bringing in all areas such as the drinks cluster and sub-dividing into – wine – water etc through forming special interest groups. Bring people together either around a project or dealing with common problems.

In Wales the 3 food innovation centres are central to Triple Helix, and are a prime example to the rest of the world.

In future we need to see more projects coming through, perhaps wicked projects that will reach across all the cluster groups because there are common issues.

AM – limited budgets has needed focused activity in terms of clusters. Businesses that are already engaged are very engaged in the clusters and project Helix. Pushing hard on specialist interest groups eg NutriWales' Controlled Environment Agriculture group.

Globally as Wales we are starting to interact with other clusters in the world and are learning from that. Businesses engaged with clusters are very demanding, and give up of their time and are positive. Currently we are undertaking an evaluation of clusters to look at the next strategic position. There are always requests for more and new clusters. Have tried to engage with the university sector, there are significant barriers to university collaboration and it's taken years of engagement but we are getting there slowly. The Minister is very committed to clustering and we are now getting better engagement across wider Welsh Government.

The new action plan and the role of the future board must input into how we develop the clusters further, there has been some excellent work already undertaken but much more to be done.

NB – Board is not close enough to clusters to be able to actively advise. Money is always going to be an issue, and are we bringing in enough match funding. Should Board members be the leads or chairs of clusters? Are we pitching them at a high enough level for the industry?

Are clusters operating across sectors by bringing in packaging etc and working on sustainability issues?

What are we doing to develop projects across clusters? We need to be looking to the future and particularly towards match funding and less reliance on public money and engaging strong leaders in the clusters.

AM - in relation to match funding we have a mantra called "something for something" we need investment from businesses, which is difficult for small

and micro businesses, they are giving time but we are charging larger business a contribution. In Wales it does not help that we still have a grant culture mentality. In the future we could have a board member assigned to a cluster to stimulate projects and to challenge thinking. The clusters could assign someone to the board (IFW)

DL – number of businesses now engaged offers us better knowledge and dialogue with larger companies on a structured basis in quarterly meetings and get feedback and reports from cluster heads. Feeding information from bottom-up or coalface approach.

AM – businesses really want to interact with the board. Leadership is needed in uncertain times, and closer engagement with the board would be beneficial to the clusters. Need business led projects, challenges and focus on areas. Investor Ready is a good example and the Sustainable Growth Conference in November will enable closer interaction with the board.

NB – the cluster event the previous evening demonstrated lots off energy in the room, but there was no structure to those conversations and board members could not bring anything back to the board. The event needed to have purpose and fed back information that the Board can act on.

DL – difficulty would be how to capture this information. How do we show tangible outputs from clusters; a good example would be CEO cluster where rethinking the engagement process has created strong relationships with the major food companies. We could form an international relations directory to support markets development.

**ACTION 11: Cluster evaluation report to be discussed at the next meeting (AM)**

IFW – training issues and needs should be fed up to the board who could then set priorities. The board should be the high level clearing house for cluster initiatives and use the FDWIB contacts to help clusters.

JW – flow of information back from clusters to the Board feels like a bit of a disconnect at the moment if you are not engaged with them. Eg the sea food cluster do not engage unless they want a Board member to attend an event. There are plenty of other clusters in Wales not set up by Government and are outside our framework. We need to know more about these other cluster networks.

IFW – must regularly look at the gaps and what is not working well.

AM – WG has open door policy, and will talk to everyone. Researchers want to talk to us all the time, but for research projects.

IFW – universities are traditionally curiosity based research, they are knowledge centres and we need to have universities becoming more involved in needs based driven research rather than curiosity based.

Long term economic development needs long term cluster management. Change your cluster manager / delivery partner and you are losing 6-9 months of knowledge while the new manager develops their personal contacts. Currently there is no long term funding in place for each of the clusters, there is vulnerability there.

Industry contributing is an absolute essential test and after a while clusters should not be publically funded, businesses should be reaching into their own pockets to co-fund. Currently we have no structures legally for co-funding and there should be a **meso** organisation bringing public and business funding together.

JF – Is it better to let the clusters drive the training agenda or to support the on generic issues. Needs are different for every sector and cluster.

IFW – training is different for all sectors, each cluster is different for example the export cluster may have a more granular training need. The drinks cluster strategy is theirs not ours, our role is to see where are the common elements and where can we as a board help. Board can't micro manage - let there be some chaos and calamity there should be some untidy bits which sparks good ideas and innovation.

NB – important link to this board. The board is an enabler and a facilitator and cluster managers must be long term, the person reflects the need in facilitating. Long terms reflects the needs of skills and governance and going forward industry will only fund if they see clear benefits. So when we seek funding we need to have clarity around what the funding is going to deliver.

DL – there are good examples in Canada, also multi-national companies in Holland who positioned themselves around the university. They will provide funding because they have proximity to the scientists within the university as well as a commercial gain to them. There is a product specific challenge to Wales and the profile of food companies.

IFW – Wales exports are thin – stats show to be successful globally you have to have the knowledge and act as growth nodes.

AM – export growth is a challenge and we will be looking to the new board and AP2, but there is also lack of ambition in many businesses. We have a lot of good projects such as Project Helix and we focus our time on innovation. We could target export niche markets and not mass markets.

DL – Project Helix has developed a couple of hundred products. Have to let companies find their own market place you cannot take them to market. A few small businesses are now recognising that they need to be at shows and this will help create more export confidence and a can-do exports ambition.

DM – need to do something fundamentally different as it is a struggle to get companies to attend events overseas. We are looking at figures from

	<p>events we attend to determine are they having a positive effect on export sales.</p> <p>Have 70 overseas companies that have re-located to Wales so that they can supply the UK market rather than export. We have great emphasis on the Blas Cymru/Taste Wales, a huge amount of business is done at this event and maybe this is more beneficial to export trade development compared to taking Welsh companies overseas.</p> <p>NB – we are in events to boost sales and show our businesses that they can grow and be leaders in the market.</p> <p>IFW- clear market problem is that businesses are no longer wanting to attend trade missions overseas. The issue is not our market place but with our competency here in Wales, our development and skills.</p> <p>DL – Interest to see the impact of Brexit on show attendance by producers and buyers. We are going into the unknown in the future.</p> <p>AM – we will look at structure for the next pre Board cluster event – could have a theme that the board could lead on, quiz businesses on problems such as exporting and get direct feedback from businesses. The debate could subsequently be progressed in the clusters.</p> <p>NB – useful to see the trend over the last 15 years and whether trade has grown or declined.</p> <p>DM - evaluation on export trade events and target markets needs to be carried out, we have an agenda item later on trade and Mark Hughes will update the FDWIB on key information and opportunities as well as the challenges facing our Trade Exports.</p> <p>AT – Individual cluster meetings are held regularly, and in future an extended invitation will be sent to all FDWIB members to attend. Will also provide an update on all 8 clusters at the start of future board meetings.</p> <p><b>ACTION 13:</b> All presentations are to be made available on share-point so that FDWIB Members can access (AT/AM)</p> <p>AM – 201 Cluster meeting is another opportunity for the Board to raise issues for discussion. There is a rapid communications system with clusters and this can be opened up to the FDWIB.</p> <p><b>ACTION14:</b> Presentation from 15<sup>th</sup> October 2019 to be loaded onto share-point. (MW)</p>
12	<p><b>Investor Ready Programme</b></p> <ul style="list-style-type: none"> <li>• <b>Update on Investor Conferences</b></li> </ul> <p style="text-align: right;"><b>Andrew Martin</b> <b>Linda Grant BIC</b></p> <p>This programme was started by the board and demonstrates the good working relationship between the FDWIB and Welsh Government in relation</p>

	<p>to delivering what businesses require. The programme has been continuously refined and developed since the pilot activity to be a main stream delivery tool and this has now been deployed across the whole Food Business programme in terms of looking at management and financial checks in respect of due-diligence. The project is also assisting not only successful businesses but businesses that are stressed particularly around Brexit issues at this time. And with the support of the Board it has proved pivotal in supporting businesses in Wales.</p> <p>At the last board meeting BIC attended and gave an update on the investor ready programme with a conference being held in November 2019 following on from the initial Financial Investor conference back in 2015. The 2019 Conference has been titled “Preparing for Sustainable Scale up” and is being held on Tuesday 26<sup>th</sup> November 2019 at St David’s Hotel, Cardiff. Agenda for the day will be a number of presentations and panels for the morning session all around scale-up and will hear from Innovate Wales from their experiences as well as Scale-Up who will be in attendance. Afternoon breakout sessions will comprise (1) <i>Cywain</i> – Food Skills Cymru – “getting the basics right” on how do you go from micro to small. (2) <i>Succession Planning</i> looking at where older people want to exit, so what are the options around succession planning. (3) <i>Wales Co-op</i> – Employee Buy Outs. (4) <i>Ethical Investment</i> businesses with a high social impact. Following on will be a Speed Networking session between Investors and Food and Drink Businesses Targeting an attendance of 120 – 140 people with a mix of Investors and Food Business people. These sessions are pre-bookable and are done through Event to Bright platform which will be going live within the next 2 weeks.</p>
13	<p><b>Trade Development Programme</b></p> <ul style="list-style-type: none"> <li>• <b>Update and Future Plans</b></li> </ul> <p style="text-align: right;"><b>Enfys Jones</b> <b>Bethan Sian Jones (MAB)</b> <b>Neil Burchell (MAB)</b></p> <p>Objective of the Trade Engagement programme was to develop and maintain the relationship with the key influencers – the key people and key VIP in retail and food service organisations. Convey the broader Welsh Government agenda to these organisations as well as the ambitions of the Future Generations Act. Making sure that the suppliers are properly trained and organised and then engaging with the retailers and growing their business.</p> <p>Pulling in other support networks – Cywain, Food Innovation Wales, working with the clusters etc to move the programme forward so that we present a holistic approach when meeting major retailers and food service companies.</p> <p>Delivery Partners Menter a Busess (MAB) established for 30 years and are a not for profit organisation. Bring together specialists who complement each other, data, category insight, marketing, retail and MAB team strong in food producer knowledge and dealing with buyers and engagement.</p>

Touch points for major buyers include must have consistent quality of Welsh products on show at events, trade shows, food and drink Wales stand and also lunches with key retailers, etc. Also manage the trade lounge at RWAS, and fits well with the trade engagement programme over 100 VIPs attended this year, there was an evening dinner with the Minister and the Co-op.

To note that it is events such as Taste Wales now established in the diaries of key buyers. They are aware of them and look forward to attending.

The majority of retailers treat Wales as a region and not as a country we are another region of England when it comes to their buying and marketing. Scotland is treated individually and they have a calendar of events, they have Scottish ranging and Scottish buying offices, which is not the case for Wales.

Welsh Government's Food Division are hoping to change this perception of Wales and to move Wales to become a country in their mind and to focus on bespoke and dedicated programmes and activity for the people of Wales. Best way to do this is to build links within the senior level, it's got to be the trading/sourcing manager and up to Director level whenever possible. The arrow head that we have used to engage retailers has been usage of Kantar Data. Information is not regional it's UK as a whole. MAB buys Welsh Kantar data and present retailers with Welsh information which they have not seen before, and can go through category by category how they are performing and how they are performing against their competitors and store audits can then be overlaid and performance monitoring can be applied. We overlay the value of Welshness presentation, Welsh consumers want to buy Welsh products. Have been able to link this at senior level with retailers such as:- Tesco Morrisons – Co-op – Lidl – Aldi – Ocado – Asda and Iceland

From this programme we are trying to create a legacy through improving standards by running events etc - Commercial Skills Academy (33 companies have attended the programme) – Tuck In Event (Developed by the Cluster and run in conjunction by the Board) – Marketing Skills – Group Purchase through the Data Contract – Meeting Preparation (events with Morrisons getting companies ready and prepared) – Conferences etc Such as IDG events, Aldi conference built a store in the conference. IDG events well worth going to.

Brief summary St David's Day 2019 –

TESCO held an outdoor event at Tesco Head Office in Welling Garden City. Had a HCC trailer – 20,000 products from 16 suppliers packed 1,500 goody bags and handed out to staff etc. Products were provided by Puffin Produce, Llaeth Y Llan, Edwards of Conway, Abergavenny fine foods, Gower View, Peters Food, Brains Brewery, Princes Hate, Brecon Carreg, Tregroes Waffles, Popty Bakery, Penderyn Distillery, Henllan Bread and more. There were people cooking and this enabled staff to see and sample Welsh food. Buyers said this was the best event that Tesco had ever had. Supported with a map showing everyone where their suppliers come from. Also internal emailing to say staff were invited to attend and what to expect.

Morrison – wanted to do an in-store activity and using colleagues from head office. Producers, choir etc were co-ordinated as part of the TDP, along with banners in store. There were 5 suppliers with demos and tasting, meet the farmer together with a harpist and choir in attendance.

Waitrose Head Office – Harpist with 3 brands doing promotions together with a map and also aerial shot around the office prior to commencement – The 5 suppliers included Penderyn, Rachels Organic and Village Bakery. Also had a chef cooking.

Co-op, Angel Square, Manchester – sampling of Welsh products including Penderyn, Llaeth y Llan etc. A number of buyer meetings at this event.

#### Future plans

Kantar data took to Tesco and recognised that they were quite weak in Welsh beer. Carried out a project in store, purchased additional Kantar data and came up with some ranging recommendations and immediately listed Wrexham Lager subject to finding a canner to supply to Tesco. Also approached with an opportunity to do something with the seafood counters at Tesco. Tesco are walking away from doing the counters themselves and have turned to the Seafood Cluster to see if they would be interested in taking over the fresh fish counters in store.

The sea food people have been over to Northern Ireland where it is being pioneered and then will see if it is possible to roll it out here.

Recently NB & EJ visited a number of stores in Northern Ireland and also in the Republic. What struck most was how well Tesco does local and made heroes of their local suppliers, producers and processors. And they have vast ranges of products and they are not all artisan products they have a big range of mass produced products. Meat feature is all Irish pies, sausages, bacon, crisps, snacks, squash producers etc. It's all mass market brands yet here in Wales we don't have enough of this development.

Big ranges of mass market – Northern Ireland, meat, cheese etc brands are mass market brands. We have good brands at the top and artisan but not enough mass produced brands.

Tesco have said that they are impressed with Wales and want to do more with us and see where they can put more Welsh Products in Tesco Welsh Stores with looking to rolling out at their Taste Festival. The Taste Festival is held every September in Belfast where 55 Irish brands exhibit and sell over 3 days under the Tesco banner and they want to do this in Wales in 2021.

#### Morrison's – Local Food Makers Events 2019

These are done in store and the top 400 – 500 shoppers attend, 16 new suppliers attend along with buyers from head office. Meetings are held between these buyers and new suppliers. The shoppers have a check list and they can then feed back to the buyer what they think of the brand. Similarly in Caernarfon in Wales we had a marquee outside the store and this helped the store. Already some successful listings from this activity –

Braces own Jam Welsh cakes, Real Soup Company, Mary's Farmhouse, Brookes. Value so far is £1.2million and currently there are technical visits being undertaken by Morrison's to the producers.

#### Morrison's Big Idea

Morrison's have chosen Wales to pilot this project. List at least 200 new producers in their stores. The Big Idea stated that it would be great if all 400 cluster members were in store with their products, talked about all the challenges how this might be achieved, distribution, logistics etc. Producers need help with their distribution methods as well, looking at how and when to get the product to the store.

Challenges in aligning our values and commitment to these type of retailers. There is significant potential for Welsh suppliers in this project with Morrison's. Important to say that Morrison's have chosen Wales to start this project. Challenge for us in getting main stream brands into the stores etc. Have we mapped the gaps our suppliers face being able to supply Morrison's should there be an issue with supply? There are a number of companies they have decided not to deal with. Local brands being selected over national brands as in Ireland.

Co-op ongoing discussions, they have gone from 20 suppliers to 120 suppliers in less than 4 years. The Minister hosted a VIP dinner for senior representatives from Co-op in the Business Lounge at the Royal Welsh show this year. They were also taken around the show in the evening to look at the livestock etc. Discovered Caws Cenarth at the show. Grocery Girls initiative and have asked if Wales would like to take part in this. Co-op awards in Cardiff first retailer to run an awards event – Puffin were winners in a category.

Lidl Store North and Southern Ireland NB & EJ visited some stores and they feature Irish foods prominently. The regional director in Wales, who originates from Ireland is keen to bring the way the Irish stores are stocked over to Wales and to do more to feature brand Wales. On St David's Day 2020 they will be doing special Welsh product purchases for the middle aisle and if successful products may be listed in future.

Similar for Aldi. In Scotland they have taken it to another level. On-going work in Wales, and putting a lot of work behind St David's Day.

Ocado moving forward with more lines and products. Arrange meet the buyer meetings.

Food Service – improve their Welsh range (Brexit regional team off for a few months until January 2020).

Baxter Storey – on going work, picked up large contracts for businesses in the south east of Wales.

CH & Co future meetings coming up

	<p>Creed &amp; Co – plant based company been confirmed and going into national distribution.</p> <p>Going forward a wide range of activities are being planned.  St Davids Day 2020 a number of store activities are being planned. A number of contracts have been awarded this year – Trade – Consumer Facing and will be held in Manchester Piccadilly – Borough Market – work with PR and Comms who are marketing these events.  Dates and places to be sent onto FDWIB members as and when the information comes in.</p> <p>To build on the success of the programme we are looking at outputs of about £5m in terms of various strands of the programme and a lot more work in progress as well. Already had one VIP dinner with the Minister another one will be held before Christmas and another one after.  Continue to work on the Morrison’s big idea.  Tesco local range expansion to be rolled out, have had technical issues with this.  ‘Co-op chilled’ will be held in the spring.  Ocado meet the buyer ongoing.  Aldi local range expansion.  Lidl follow on from St David’s day  M&amp;S some work to do and also to follow on from St David’s Day  New Waitrose buyer covering Wales and England.  Sainsbury future brands programme which is all about finding new young and exciting entrepreneurs.  Working with Cywain Micro to take a group to meet with Sainsburys and take it from there.</p> <p><b>ACTION 15:</b> Open to emails for questions from the board to come through Alison.</p>
<p><b>14</b></p>	<p><b>Export Trade Development &amp; FDI Programmes</b></p> <ul style="list-style-type: none"> <li><b>Update and Future Plans</b></li> </ul> <p style="text-align: right;"><b>Mark Hughes</b></p> <p>Over the summer period Mark Hughes has been looking at what the prospects are for our companies to achieve export growth and what we can achieve on top of our 2018 export figures. We have never looked in-depth at the companies we transact with, what is their turnover and what is their capacity. Need to establish a realistic target as well as also trying to educate Welsh Government colleagues overseas on which brands are active in their territory and which brands want to aspire to be active in their area allowing us to see which brands are going to add the most value.</p> <p>Another piece of work currently being looked at is the overseas events programme; this is forecasted on a 2 year basis and currently coming to the end of the existing one? Difficulties in deciding which markets do we concentrate on due to the uncertainty of Brexit and do we target more or less European markets or try and access other territories. Trade team is also looking at where we are signing trade deals, what barriers exist within those market places and what is the potential within our supply base.</p>

	<p>Trade Develop Programme – Japan in June 2019 and took 5 companies to Tokyo, and received good outputs from this mission. Needed more companies and bigger brands and what Wales had to offer.</p> <p>Ireland in September 2019 – 10 producers booked. Trade visit was cancelled and to revisit after Brexit.</p> <p>Future Trade Development visit to Qatar with 10 producers wanting to attend.</p> <p>Attendance at Anuga with 10 producers. No Brexit issues.</p> <p>Preparing for Gulfood 2020 with good outputs from previous attendance.</p> <p>International Buyer Engagement – Tender with Menter a Busnes to work with 60 international buyers and will run until the end of March 2020 a pilot programme to see if closer ties can be developed.</p> <p>Issues with the UAE market with barriers to trade such as quality marks and retaining these standards as well as sugar tax etc. Advising that producers speak with their marketers to ship more products into the UAE.</p> <p><u>CETA</u> agreement working with ‘International Manager to hire’, help with complexity of a no-deal Brexit or to assist with getting producer/products into a new market place. £35,000 match funding by WG for assistance to hire an International Manager which is significant support for Food and drink companies in Wales. Mark Hughes to look at the potential of a consortium of businesses being able to buy in to an International Manager.</p> <p><b>ACTION 16: Data Source (ONS Data Source Northern Ireland) to be revised and re-issued - Cara James/David Morris</b></p>
15	<p><b>Any Other Business</b></p> <ul style="list-style-type: none"> <li>• <b>Protected Food Names (ALW Paper)</b></li> </ul> <p style="text-align: right;"><b>David Lloyd</b></p> <p>Papers were circulated prior to meeting from Alison Lea Wilson</p> <ul style="list-style-type: none"> <li>• <b>St David Day Plan 2020</b></li> </ul> <p style="text-align: right;"><b>Lyndsey Margeston</b></p> <p>Discussed earlier.</p>
16.	<p><b>Dates for 2019 Meetings</b></p>

	<p>December 2019 – date and venue TBC</p> <p>2020 Diary Dates April 2020 – Venue TBC July 2020 – Venue TBC October 2020 – Venue TBC December 2020 –Venue TBC</p>
	<p>KM &amp; SN (Levercliff) Brexit Communications from Board. Levecliff will draft some words as with Defra comms.</p> <p>Operations at the GRH's site at Snowdonia Business Park are planned to restart in the coming months. The business will be fully incorporated into Futura's supply chain.</p> <p>Iffor Fawkes Williams is here to help us in anyway.</p> <p>MW – email around about objective connect register and allow us to collaborate on documents. Action: Mark to resend to all on the FDWIB</p> <p>Next meeting confirmed as December 4<sup>th</sup> 2019 with the meeting to be held in the mid or north wales region.</p>